

June 19, 2012

VIA FIRST CLASS MAIL

Ms. Cynthia T. Brown
Chief of the Section of Administration
Office of Proceedings
Surface Transportation Board
395 "E" Street, S.W.
Washington, D.C. 20423-0001

RECORDATION NO. **30279** FILED

JUL 02 '12 -4 26 PM

SURFACE TRANSPORTATION BOARD

RECEIVED
JUL 2 2012
MANAGEMENT
FEB

Re: Arkansas Short Line Railroads, Inc. *et al*

Dear Ms. Brown:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) is one (1) fully executed and acknowledged original and duplicate copy of the Rolling Stock Security Agreement dated June 19, 2012. This document is a security agreement and primary document under the Board's Rules for the Recordation of Documents. Also enclosed is a check in the amount of \$41.00 covering the required recordation fee.

The names and addresses of the parties to the Rolling Stock Security Agreement are as follows:

Debtors: Arkansas Short Line Railroads, Inc.
4416 South Arkansas Avenue
Russellville, AR 72802

Dardanelle and Russellville Railroad, Inc.
4416 South Arkansas Avenue
Russellville, AR 72802

Ouachita Railroad, Inc.
4416 South Arkansas Avenue
Russellville, AR 72802

Camden & Southern Railroad, Inc.
4416 South Arkansas Avenue
Russellville, AR 72802

North Louisiana & Arkansas Railroad, Inc.
4416 South Arkansas Avenue
Russellville, AR 72802

Secured Party: Delta Trust & Bank
11700 Cantrell Road
Little Rock, AR 72223

An abbreviated description of the railroad equipment covered by the enclosed document
is:

Locomotives DR 15 – DR 19 (inclusive)
Locomotive DR 1143
Locomotive OUCH 64
Locomotive OUCH 1155
Locomotive OUCH 1159
Locomotive CSR 20
Locomotive NLA 21
Tank Car RTCX 5391
Fuel Car OUCHX 101
Boxcars DR 14002-14006 (inclusive)
Boxcars DR 14010-14015 (inclusive)
Boxcars DR 14017-14021 (inclusive)
Boxcars DR 14023-14025 (inclusive)
Boxcar DR 14027
Boxcars DR 14030-14032 (inclusive)
Boxcars DR 14038-14041 (inclusive)
Boxcars DR 14043, DR 14045 and DR 14046
Box Car DRX 110
Flat Cars DRX 100 - DRX 102 (inclusive)
Cabooses DR 500 and DR 501
Caboose DR 13927

A short summary of the document to appear in the index is:

"Rolling Stock Security Agreement encumbering all rolling stock, equipment and machinery of the Debtors now owned and hereafter acquired, including the rolling stock described on Exhibit A."

• Ms. Cynthia T. Brown
June 19, 2012
Page 3

After recording, kindly return file marked copies of the Rolling Stock Security Agreement to my attention. If there are any questions or problems, please contact me directly at (501) 370-3394.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Childers', with a stylized, cursive script.

Mike Childers

Enclosures

JUL 02 '12 -4 26 PM

ROLLING STOCK SECURITY AGREEMENT
(Surface Transportation Board)

SURFACE TRANSPORTATION BOARD

THIS ROLLING STOCK SECURITY AGREEMENT ("**Agreement**") is made and entered into this 19th day of June, 2012 by **ARKANSAS SHORT LINE RAILROADS, INC.**, an Arkansas corporation ("**ASL**"), **DARDANELLE AND RUSSELLVILLE RAILROAD, INC.**, an Arkansas corporation ("**D&R**"), **OUACHITA RAILROAD, INC.**, an Arkansas corporation ("**OUCH**"), **CAMDEN & SOUTHERN RAILROAD, INC.**, an Arkansas corporation ("**CSR**"), and **NORTH LOUISIANA & ARKANSAS RAILROAD, INC.**, an Arkansas corporation ("**NLA**" and, together with ASL, D&R, OUCH and CSR, referred to collectively hereafter as the "**Debtors**" and individually as a "**Debtor**") in favor, and for the benefit, of **DELTA TRUST & BANK**, an Arkansas state chartered bank, its successors and/or assigns ("**Secured Party**").

WITNESSETH:

This Agreement is executed in connection with and pursuant to that certain Loan Agreement dated of even date herewith by and between ASL, William K. Robbins, Jr., Timothy K. Robbins, and Daniel B. Robbins, (collectively, the "**Borrowers**") as borrowers, D&R, OUCH, CSR and NLA as guarantors, and the Secured Party (the "**Loan Agreement**") (this Agreement, the Loan Agreement, the Note (as defined hereinafter), and any and all other documents associated with the Loan (as defined in the Loan Agreement) are collectively referred to hereinafter as the "**Loan Documents**"). Any capitalized words or phrases which are not herein defined shall have the meaning given them in said Loan Agreement.

1. **Collateral**. The term "**Collateral**" shall mean the following properties, assets and rights of the Debtors, however owned, wherever located, whether now owned or hereafter acquired or arising, and all accessories, repairs, improvements, amendments, attachments, modifications, substitutions, products and proceeds thereof:

(i) all rolling stock, equipment and machinery, including power driven machinery and equipment, now owned or hereafter acquired, together with all replacements thereof, all attachments, accessories, parts and tools belonging thereto or for use in connection therewith, and wherever located, including without limitation, that described on **Exhibit "A"** attached hereto and made a part hereof;

(ii) all contract rights of every kind and nature directly or indirectly related to a Debtor's respective business and/or the property described on **Exhibit "A"**;

(iii) all general intangibles, including payment intangibles, rights to the payment of money, insurance claims and proceeds arising from the property described on **Exhibit "A"**;

(iv) all licenses, certificates, or operating agreements of a Debtor which afford a Debtor the right or privilege to operate its respective railroad business, including without limitation, all Surface Transportation Board permits and permits from other governmental

authorities with jurisdiction over a Debtor's railroad operations; and

(v) all other assets and personal property, whether tangible or intangible, related to Debtors' railroad business and the operation and/or ownership thereof.

2. Grant of Security Interest. To secure the payment of indebtedness and performance of all obligations owed from Borrowers and/or Debtors to Secured Party as evidenced by (a) the Promissory Note in the original principal amount not to exceed One Million Six Hundred Thousand and No/100 Dollars (\$1,600,000.00), and bearing interest and being payable as set forth therein, (referred to hereinafter as the "**Note**"). (b) any extensions, modifications or renewals of the Note, (c) any and all future loans, consideration, or other advances made by Secured Party to Borrowers, and/or Debtors, whether pursuant to the Loan Agreement or the Note or not currently contemplated, and (d) all costs, expenses and attorneys' fees incurred in the collection of same and enforcement of Secured Party's rights hereunder after a default hereunder, including the costs of retaking or repossessing the Collateral, holding and preparing it for sale, advertising that sale and giving notice thereof, and the costs of the sale, and in consideration of the mutual covenants and promises set forth herein and in the Loan Agreement or the Note, and in exchange for other good and valuable consideration, each Debtor hereby grants, bargains, sells, conveys and assigns to Secured Party a security interest in the Collateral, to the extent of such Debtor's interest therein. No notice of the continuing grant of this security interest shall be required to be stated or evidenced on the face of any document representing any such future loan, consideration or other advance.

3. Representations, Warranties and Covenants of Debtors. Debtors represent, warrant and covenant with Secured Party that:

- (a) Debtors are the lawful owners of the Collateral and have the right to pledge, sell, assign, convey and transfer it; the Collateral will not be pledged, sold, assigned, conveyed or transferred to any person other than Secured Party or in any way encumbered except in favor of Secured Party;
- (b) Debtors warrant and defend the Collateral against the lawful claims and demands of all persons;
- (c) To the extent Debtors are not one of the Borrowers, such Debtors have received good, valuable, adequate and sufficient consideration in exchange for making this Agreement and granting the security interests in the Collateral described herein. Debtors have directly benefited from the Secured Party's extension of the Loan to Borrowers;
- (d) Each Debtor is an Arkansas corporation and all Collateral, other than the box cars described on Exhibit "B" which may be located on the national rail system from time to time, is kept or parked on the Debtors' respective railroads. The address of the Debtors' principal office, chief executive office and principal place of business is:

4416 South Arkansas Avenue
Russellville, Arkansas 72802

- (e) Debtors shall give Secured Party not less than thirty (30) days prior written notice of any change in a Debtor's name, any change in a Debtors' executive offices and/or principal place of business, and any other proposed event or occurrence which could require Secured Party to make any filing under the Uniform Commercial Code necessary to maintain perfection or priority of its security interest in the Collateral;
- (f) Each of the representations, warranties and covenants set forth in the Loan Documents is incorporated herein by reference and made a part hereof.

4. Event of Default. Debtors shall be in default hereunder upon the happening of any of the following events or conditions:

- (1) A failure by Borrowers to make any payment of principal or interest on the Note as and when the same shall become due and payable (whether by extension, renewal, acceleration or otherwise);
- (2) A failure by Borrowers or any of the Guarantors to comply with any of the other terms or conditions specified herein or in any other of the Loan Documents after the expiration of the applicable notice and cure period, if any; or
- (3) The occurrence of any Event of Default, as defined in the Loan Agreement.

5. Remedies. In the event of any default arising at any time hereafter, the Note and any other indebtedness secured hereby shall become immediately due and payable at Secured Party's option, without notice to Debtors other than as may be required by the Loan Agreement; and Secured Party may proceed to enforce payment of the same and to exercise any or all of the rights and remedies afforded to Secured Party by the terms of the Loan Documents and the Uniform Commercial Code, as well as any and all other rights and remedies available to Secured Party at law or in equity. Secured Party may require Debtors to assemble the Collateral and make it available to Secured Party at any place in Arkansas designated by Secured Party. In the event Secured Party repossesses the Collateral, or any part thereof, and gives Debtors notice of a public sale of the Collateral, a notice of the time and place of the sale, deposited in the U.S. mail ten (10) days prior to the date of sale, and addressed to Debtors at the notice address given in the Loan Agreement, shall be deemed reasonable notice. A pursuit of one remedy by Secured Party shall not in any event be deemed to be an irrevocable election of such remedy, it being understood that all remedies of Secured Party are cumulative and not in the alternative or exclusive.

6. Waiver. The failure of Secured Party to exercise any right or remedy shall not constitute a waiver of any obligation from Borrowers and/or Debtors or any right of Secured Party, or constitute a waiver of any other similar default occurring subsequently.

7. Financing Statements. Debtors hereby expressly authorize Secured Party to file any and all financing statements, state registrations, motor vehicle lien filings, and certificates of title, in a form satisfactory to Secured Party, as deemed necessary by Secured Party, including filing a financing statement covering "all assets" of the Debtors.

8. Reimbursement of Expenses. At the option of Secured Party and at any time, Secured Party may discharge taxes, liens, or interest on the Collateral, and may perform or cause to be performed for and on behalf of Borrowers and/or Debtors any actions, conditions, obligations, or covenants that Borrowers and/or Debtors have failed or refused to perform, including but not limited to obtaining or continuing insurance on the Collateral, or may pay for the maintenance and preservation of Collateral, and all of such costs shall bear interest from the date paid by Secured Party to the date reimbursed to Secured Party at the interest rate then in effect on the Note, and shall be reimbursed by Debtors, with such interest, within thirty (30) days after receipt of written notice thereof.

9. Power of Attorney. Debtors each hereby grant to Secured Party a power of attorney, and appoints Secured Party to be each Debtor's true and lawful attorney in fact, to apply for a certificate of title and/or duplicate or substitute certificate of title, if necessary, and file and record Secured Party's lien on the Collateral, and, after an event of default hereunder, to sell, transfer, assign and otherwise deal with the Collateral. Debtors each further grant Secured Party full power and authority to do and perform each and every act necessary or advisable to record Secured Party's lien on the Collateral and, following an event of default hereunder, to transfer and assign legal title to the Collateral to any other person or entity.

10. Notices. All notices, requests, consents and demands shall be in writing and shall be sent to the persons and in the manner set forth in the Loan Agreement.

11. Term. The term of this Agreement shall commence with the date hereof and end on the date on which no further loans or advances are to be made which are to be secured by this Agreement, Borrowers pay in full the balance due on the Note and the Loan and any other outstanding loans and indebtedness of Borrowers and/or Debtors to Secured Party are paid in full.

12. Applicable Law. This entire transaction and all terms and provisions in this Agreement and the Loan Documents shall be deemed to be a contract or contracts entered into pursuant to the laws of the State of Arkansas. This entire transaction and all terms and provisions in this Agreement and the other Loan Documents shall be governed by the laws of the State of Arkansas and shall in all respects be construed, applied and enforced in accordance with the laws of the State of Arkansas (without regard to principles of conflicts of laws), except those matters required to be governed by the laws of the situs of any real property located outside of the State of Arkansas relating to recording, perfection, and enforcement of the liens thereon, recorded in such other jurisdictions, in which case the laws of such jurisdiction shall apply to matters of recording, perfection and enforcement of the liens in such jurisdictions. With respect to all matters regarding usury and interest due and payable under the Note and the Loan Documents, all such matters shall be expressly governed by Arkansas law and applicable federal law.

13. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

14. Recordation. This Agreement shall be duly recorded with the Surface Transportation Board (or successor regulatory division) of the United States Department of Transportation, or any successor agency or department with jurisdiction over the same subject matter in accordance with 49 U.S.C. § 11301 and other applicable federal law.

(Signatures contained on following pages)

IN WITNESS WHEREOF, the Debtors have executed this Rolling Stock Security Agreement on the day and year first written above.

DEBTORS:

ARKANSAS SHORT LINE RAILROADS, INC.,
an Arkansas corporation

By: 
Timothy K. Robbins, President

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF Pulaski)

On this the 19th day of June 2012, before me, the undersigned notary public, personally appeared **Timothy K. Robbins**, who acknowledged himself to be the President of **ARKANSAS SHORT LINE RAILROADS, INC.**, an Arkansas corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the consideration, uses and purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.



NOTARY PUBLIC

My Commission Expires:

9-1-2012



**DARDANELLE AND RUSSELLVILLE
RAILROAD, INC.,**
an Arkansas corporation

By: _____

Timothy K. Robbins, President

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF Pulaski)

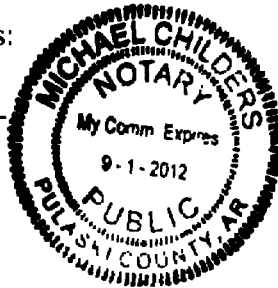
On this the 19th day of June 2012, before me, the undersigned notary public, personally appeared **Timothy K. Robbins**, who acknowledged himself to be the President of **DARDANELLE AND RUSSELLVILLE RAILROAD, INC.**, an Arkansas corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the consideration, uses and purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

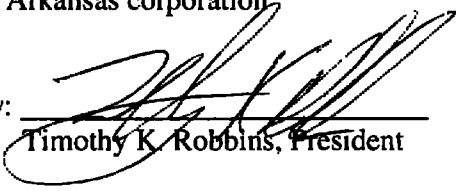
NOTARY PUBLIC

My Commission Expires:

9-1-2012



OUACHITA RAILROAD, INC.,
an Arkansas corporation

By: 
Timothy K. Robbins, President

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF Pulaski)

On this the 19th day of June 2012, before me, the undersigned notary public, personally appeared **Timothy K. Robbins**, who acknowledged himself to be the President of **OUACHITA RAILROAD, INC.**, an Arkansas corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the consideration, uses and purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission Expires

9-1-2012




NOTARY PUBLIC

CAMDEN & SOUTHERN RAILROAD, INC.,
an Arkansas corporation

By: _____

Timothy K. Robbins, President

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF Pulaski)

On this the 14th day of June 2012, before me, the undersigned notary public, personally appeared **Timothy K. Robbins**, who acknowledged himself to be the President of **CAMDEN & SOUTHERN RAILROAD, INC.**, an Arkansas corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the consideration, uses and purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission Expires:

9-1-2012



NOTARY PUBLIC

**NORTH LOUISIANA & ARKANSAS
RAILROAD, INC.,**
an Arkansas corporation

By: _____

[Signature]
Timothy K. Robbins, President

ACKNOWLEDGMENT

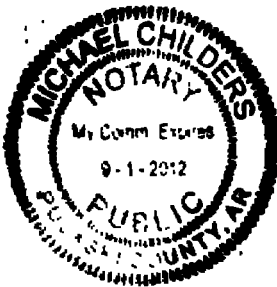
STATE OF ARKANSAS)
) ss.
COUNTY OF Pulaski)

On this the 14th day of June 2012, before me, the undersigned notary public, personally appeared **Timothy K. Robbins**, who acknowledged himself to be the President of **NORTH LOUISIANA & ARKANSAS RAILROAD, INC.**, an Arkansas corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the consideration, uses and purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission Expires:

9-1-2012



[Signature]

NOTARY PUBLIC

IN WITNESS WHEREOF, the Secured Party has executed this Rolling Stock Security Agreement on the day and year first written above.

SECURED PARTY:

DELTA TRUST & BANK,
an Arkansas state chartered bank



By: _____
Bill Yee, Executive Vice President

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF PULASKI)

On this the 19th day of June 2012, before me, the undersigned notary public, personally appeared Bill Yee, who acknowledged himself to be the Executive Vice President of **DELTA TRUST & BANK**, an Arkansas state chartered bank, and that he, as such Executive Vice President, being authorized so to do, executed the foregoing instrument for the consideration, uses and purposes therein contained, by signing the name of the bank by himself as Executive Vice President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission Expires:

9-1-2012





NOTARY PUBLIC

EXHIBIT "A"**List of Rolling Stock**

UNIT TYPE	REPORTING MARK	SERIAL NO.
Locomotive GMD-1	DR 1143	CN 1143-A-1706
Locomotive GMD-1	OUCH 1155	CN 1155-A-1752
Locomotive GMD-1	OUCH 1159	CN 1159-A-1756
Locomotive SW-9 EMD	CSR 20	18298
Locomotive SW-1 EMD	DR 15	8613
Locomotive SW-1 EMD	DR 16	1474
Locomotive SW-1 EMD	NLA 21	7475
Locomotive Alco S-1	DR 18	75901
Locomotive Alco S-3	DR 19	78140
Locomotive NW-2	OUCH 64	Not in Service
Locomotive SW-7	DR 17	Not in Service
Tank Car	RTCX 5391	Non-Revenue
Fuel Car	OUCHX 101	Non-Revenue
Box Car 70 ton 50' Plate C	DR 14002	DR
Box Car 70 ton 50' Plate C	DR 14003	DR
Box Car 70 ton 50' Plate C	DR 14004	DR
Box Car 70 ton 50' Plate C	DR 14005	DR
Box Car 70 ton 50' Plate C	DR 14006	DR
Box Car 70 ton 50' Plate C	DR 14010	DR
Box Car 70 ton 50' Plate C	DR 14011	DR
Box Car 70 ton 50' Plate C	DR 14012	DR
Box Car 70 ton 50' Plate C	DR 14013	DR
Box Car 70 ton 50' Plate C	DR 14014	DR
Box Car 70 ton 50' Plate C	DR 14015	DR
Box Car 70 ton 50' Plate C	DR 14017	DR
Box Car 70 ton 50' Plate C	DR 14018	DR
Box Car 70 ton 50' Plate C	DR 14019	DR

Box Car 70 ton 50' Plate C	DR 14020	DR
Box Car 70 ton 50' Plate C	DR 14021	DR
Box Car 70 ton 50' Plate C	DR 14023	DR
Box Car 70 ton 50' Plate C	DR 14024	DR
Box Car 70 ton 50' Plate C	DR 14025	DR
Box Car 70 ton 50' Plate C	DR 14027	DR
Box Car 70 ton 50' Plate C	DR 14030	DR
Box Car 70 ton 50' Plate C	DR 14031	DR
Box Car 70 ton 50' Plate C	DR 14032	DR
Box Car 70 ton 50' Plate C	DR 14038	DR
Box Car 70 ton 50' Plate C	DR 14039	DR
Box Car 70 ton 50' Plate C	DR 14040	DR
Box Car 70 ton 50' Plate C	DR 14041	DR
Box Car 70 ton 50' Plate C	DR 14043	DR
Box Car 70 ton 50' Plate C	DR 14045	DR
Box Car 70 ton 50' Plate C	DR 14046	DR
Box Car 40'	DRX 110	MOW Equipment
Flat Car 40'	DRX 100	MOW Equipment
Flat Car 53' with 1 Bulkhead	DRX 101	MOW Equipment
Flat Car 46'	DRX 102	MOW Equipment
Caboose	DR 500	Non-Revenue
Caboose	DR 501	Non-Revenue
Caboose	DR 13927	Non-Revenue